

The Tertiary Education (2024 Fee Regulation Settings) Notice 2023

Under sections 419(3)(d) and 420(1)(b) of the Education and Training Act 2020 (“Act”), the Minister of Education (“Minister”) gives notice of the proposed conditions setting limits on and requirements relating to fees, including fees for student services, that tertiary education organisations (TEOs) may charge to domestic students in 2024.

Notice

1. Title

This notice may be cited as the Tertiary Education (2024 Fee Regulation Settings) Notice 2023.

2. Commencement

The proposed conditions outlined in this notice apply for the 2024 calendar year only.

3. Interpretation

In the conditions set out in this notice, unless the context otherwise requires —

Programme means a programme of study or training leading to the award of a qualification listed on the New Zealand Qualifications and Credentials Framework (NZQCF);

Course means part of a programme that leads to the award of a qualification on listed on the NZQCF, including a certificate, diploma, degree, or postgraduate qualification. This includes a course that is part of a programme where the student is not enrolled in the programme (for example, where a student is only enrolled in one or more courses but is not intending to complete the entire programme);

Micro-credential means study or training that leads to an award but does not, of itself, lead to an award of a qualification listed on the NZQCF;

Fees means:

- a. tuition fees;
- b. compulsory course costs that are charged to all students enrolled in a course, which includes (but are not limited to) the following: any compulsory costs associated with enrolment, examinations (including reporting of credits to the New Zealand Qualifications Authority), field trips, and any compulsory purchase of equipment or books through the TEO;
- c. excludes any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a student, which includes (but are not limited to) the following: reassessment or remarking of examination results, examination relocation fees, fees associated with recognition of prior learning, or fees associated with an application for selected entry programmes;

Student services fees means fees for the provision of student services that are provided by the organisation or by another person or body on behalf of the organisation;

TEO means tertiary education organisation as defined in section 10(1) of the Act;

Delivery at levels 1 and 2 on the NZQCF (DQ1-2) means the funding mechanism that provides funding for programmes at levels 1 and 2 on the NZQCF;

Non-degree delivery at levels 3-7 on the NZQCF and all industry training (DQ3-7) means the funding mechanism that provides funding for programmes funded at levels 3-7 (non-degree) on the NZQF and all industry training;

Delivery at levels 7 and above on the NZQCF (DQ7+) means the funding mechanism that provides funding for programmes at level 7 (degree level) and above on the NZQCF;

Industry Training means programmes or micro-credentials previously funded through the Industry Training Fund; and

Apprentices and trainees mean apprentices and trainees previously funded through the Industry Training Fund.

4. Proposal

I propose to specify the requirements that TEOs must adhere to in relation to charging fees and student services fees for domestic students.

For fees charged to domestic students, I propose to specify the following conditions under section 419(3)(d) of the Act that the Tertiary Education Commission (TEC) must attach to delivery at levels DQ3-7 and DQ7+:

- a. the annual limits by which TEOs can increase fees charged to domestic students for courses;
- b. the conditions on fees charged to domestic students by TEOs for new courses;

NEW ZEALAND GAZETTE

- c. the conditions that cap the fees charged to domestic students by TEOs for micro-credentials; and
- d. other conditions in relation to fees that the TEC must attach to funding mechanisms.

The proposed conditions relating to fees charged to domestic learners will not apply to fees for delivery at levels DQ1-2, which remain subject to the conditions as set out in the Tertiary Education Fees-Free Conditions Notice 2015 ([New Zealand Gazette, 28 May 2015, Issue No. 58, Notice No. 2015-go3051](#)) and the Tertiary Education Fees-Free (Levels 1 and 2) Conditions Notice 2016 ([New Zealand Gazette, 16 June 2016, Issue No. 54, Notice No. 2016-go3430](#)).

For student services fees charged to domestic students, I propose to specify the following conditions under section 419(3)(d) of the Act that the TEC must attach to delivery at levels DQ1-2, DQ3-7 and DQ7+:

- a. the conditions on opt-in arrangements for student services fees;
- b. the conditions on the decision-making process for student services fees;
- c. the conditions on accounting for the use of student services fees;
- d. the conditions on reporting and publishing information on student services fees;
- e. the conditions on the categories or services that student services fees can be charged for: and
- f. other conditions in relation to student services fees that the TEC must attach to funding mechanisms.

5. Call for Submissions

Any student, student organisation, TEO or any other person, body or organisation having an interest in the matter, is invited to make a submission on the proposed fee regulation conditions set out in this notice.

All submissions should be sent either by email to: tertiary.strategy@education.govt.nz.

Or by post to:

Fee Regulation Settings Submissions
Tertiary Education Policy
Ministry of Education
PO Box 1666
Wellington 6140

6. Date for Submissions

All submissions must be received by **17 July 2023**.

Dated at Wellington this 19th day of June 2023.

HON JAN TINETTI, Minister of Education.

Proposed Conditions - Fees

General

1. The conditions on fees apply to fees charged by all TEOs for delivery at levels DQ3-7 and DQ7+. However, these funding conditions do not apply to industry training (i.e., programmes previously funded through the Industry Training Fund).
2. The fees charged by a TEO are subject to these conditions if the TEO is the sole source of the item to which the fee relates.

The Annual Maximum Fee Movement

3. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their fees by each year for domestic students for all DQ3-7 and DQ7+ funded courses that are part of a programme.
4. For 2023, the Minister proposes that the AMFM is set at 2.8 percent. This would permit a 2.8 percent increase on the fees (GST exclusive) charged in 2023 to domestic students for DQ3-7 and DQ7+ funded courses.
5. The proposed 2.8 percent AMFM rate is in line with forecast inflation for the 2024 calendar year, as at the Budget Economic and Fiscal Update 2023.
6. The AMFM applies to any new courses established by a TEO in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF, for which DQ3-7 and DQ7+ funding can be used, except where the provisions in clause 8 below apply.
7. If a TEO reduces fees for a course across one or more calendar years, the TEO can then return to the previous fee (from before the reduction was applied), in addition to applying the AMFM rates for the period in which the fees were reduced. This clause does not apply where fee reductions were in place prior to 2024.
8. For courses delivered by Te Pūkenga that are part of Te Pūkenga's process to unify similar programmes, and where Te Pūkenga delivers this course across its network, the fees for those courses are not subject to the AMFM limits, but are subject to the fee-setting limits for new courses outlined below in clauses 14-19.

Exceptions to the Annual Maximum Fee Movement

9. A TEO may apply to the TEC for an exception from the 2024 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.8 percent increase over and above the permitted 2.8 percent increase.

10. In considering exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the TEO can demonstrate that it is financially unsustainable to deliver the course, in terms of the cost of delivering the course and taking into account the total income the course would generate (including government funding and tuition fees), and that there are no satisfactory alternatives to limit costs;
- b. the existing fees for the course are no more than the 75th percentile of the range of fees charged for similar courses; and
- c. any two of the following three criteria:
 - i. where the course is part of a programme at levels 3-8 on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
 - ii. the TEO can demonstrate that the course is in some way unique or special; for example, that there are no available local alternatives; and
 - iii. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the current Tertiary Education Strategy.

11. If a TEO is applying for an exception for multiple courses, each course must individually meet the exception criteria specified in clause 10. For the purpose of clause 10(b), the TEC will specify how similar courses will be determined.

12. There is a limit to the number of courses for which a TEO can request an exception for each year, depending on the number of equivalent full-time students (EFTS) enrolled at the TEO. For a TEO with less than 1,000 EFTS, the limit is 4 courses. For a TEO with between 1,000 and 5,000 EFTS, the limit is 8 courses. For a TEO with between 5,000 and 10,000 EFTS, the limit is 12 courses. For a TEO with more than 10,000 EFTS, the limit increases by 4 courses per increment of 10,000 EFTS.

Low or Zero Fee Courses

13. If the fee for a course funded through DQ3-7 and DQ7+ is less than \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS in 2023, then for 2024, the TEO may increase the fee to up to \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS, or can increase the fee by 2.8 percent, whichever is the greater.

Fee-setting Limits for New Courses

14. The fee for a new course established by a TEO and funded through DQ3-7 and DQ7+ must be no more than the 75th percentile from the range of fees charged for similar courses. The TEC must specify how similar courses will be determined.

15. The above fee-setting limits apply to any new courses funded through DQ3-7 and DQ7+, except where the course is in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF. Substitute courses are subject to the AMFM.

Exceptions to Fee-setting Limits for New Courses

16. A TEO may apply for an exception from the fee-setting limits for new courses on the basis of exceptional circumstances.

17. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the course would not be financially viable without a higher fee;
- b. where the course is part of a programme at levels 3-8 on the NZQF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
- c. the TEO can demonstrate that the course is in some way unique or special; for example, there are no or very few similar courses to compare fees with; and
- d. the course is aligned to the Government's priorities as set out in the Tertiary Education Strategy.

18. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.

19. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses that have been granted an exception.

Fee-capping Limits for Micro-credentials

20. The fees for a micro-credential must be no more than \$64 (GST inclusive) per credit. This fee cap does not apply to component courses that are also part of a programme and are funded through DQ3-7 or DQ7+, or to any fees charged for industry training

21. Where a micro-credential is wholly or partly comprised of courses that are part of a programme and are funded through DQ3-7 or DQ7+, the fees for those courses must be equal to, or less than, the maximum fee permitted for the course under the AMFM and fee-setting limits for new courses. The fees for the components that are not part of a programme must be no more than \$64 (GST inclusive) per credit.

Exceptions to Fee-capping Limits for Micro-credentials

22. A TEO may apply to the TEC for an exception from the fee-capping limits for micro-credentials (or components of a micro-credential that are not made up of existing courses subject to the AMFM) on the basis of exceptional circumstances.

23. Where a course in a micro-credential is also a course in a programme, it is subject to the AMFM and the relevant exception criteria outlined in clauses 9 to 19.

24. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the TEO can demonstrate that the fee cap makes it financially unsustainable to offer the micro-credential, in terms of the costs of delivering the micro-credential and taking into account the total income that the micro-credential would generate (including Government funding and fees), and that there are no satisfactory alternatives to limit costs; and
- b. the TEO can provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that the micro-credential clearly meets industry and/or employer needs.

25. The TEC must only grant an exception if it is satisfied that the micro-credential meets both of the above criteria.

26. The TEC will have discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception.

Proposed Conditions - Student Services Fees

Objective

27. The objective of the requirements on TEOs that charge fees for the provision of student services is to ensure:

1. accountability to students in the use of fees for student services;
2. involvement of students in decisions about the charging and use of fees for student services; and
3. fair arrangements for students in different tertiary education settings (for example, work-based students or students in fees-free foundation education programmes).

Coverage

28. All TEOs that charge student services fees to domestic students who are funded through DQ1-2, DQ3-7 or DQ7+ must comply with the requirements set out in this notice.

29. TEOs must give effect to the requirements in this notice as soon as reasonably practicable after 1 January 2024.

Requirements

30. **Opt-in arrangements for trainees and apprentices:** TEOs must not charge a compulsory fee for the provision of student services to apprentices, trainees or their employers. TEOs must give apprentices, trainees and their employers the option of paying for and accessing student services. Where apprentices and trainees opt in to receive student services and pay fees, TEOs are still required to comply with the requirements outlined in clauses 31 to 37.

31. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly, or in consultation with the students enrolled at the TEO, or their representatives, on the following matters:

- a. the maximum amount that students will be charged for student services;
- b. the types of services to be delivered (within the permitted categories set out below);
- c. the procurement of those services; and
- d. the method for authorising expenditure on those services.

32. **Consultation requirements:** If a TEO chooses to make decisions about student services fees in consultation with students enrolled at the TEO or their representatives, instead of undertaking a joint decision-making process, the TEO is required to ensure that:

- a. the outcome of the consultation is not predetermined;
- b. proposals are clearly communicated and publicised;
- c. there is sufficient time for students to consider proposals and provide feedback; and
- d. due consideration is given to student feedback.

33. Accounting for the use of student services fees : TEOs must either hold all student services fees in a separate bank account or ensure that all income and expenditure associated with the provision of such services is separately accounted for in the TEO's accounting system.

34. Reporting on student services fees: Institutions must provide information on all student services fees through their annual report, and registered private training establishments (PTEs) must provide information on all student services fees through a written report to students. Institutions and registered PTEs must include the following information in their annual report or written report to students:

- a. a description of the services funded out of the student services fee;
- b. a statement of the fee income and expenditure for each type of student service;
- c. the student services fee amount charged per equivalent EFTS or academic year (or however it is calculated); and
- d. a statement describing how the provider is complying with the accounting requirements specified above in clause 33.

35. Private training establishment's written report to students : Registered PTEs charging student service fees must provide to the TEC a copy of the report that is provided to students. A copy of the report must be sent to:

Requirements for Student Services Fee Submissions
Monitoring and Crown Ownership
The Tertiary Education Commission
PO Box 27048
Wellington 6141
Email: ssf@tec.govt.nz

36. Publishing information online: Providers charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:

- a. a description of the services funded out of the student services fee;
- b. a statement of the fee income and expenditure for each type of student service;
- c. the student services fee amount charged per EFTS or academic year (or however it is calculated);
- d. a description of the current year's student services fee decision-making process, including the decisions that were consulted on, how consultation with students occurred, a summary of student feedback, what the decisions were, and the extent to which student feedback was incorporated into those decisions; and
- e. a description of how students can be involved in student services fee decisions for the following year, i.e., how TEOs propose to consult with their students and what issues might be considered.

37. Categories of student services: Providers may charge student services fees to support the delivery of the following categories of services:

- a. *Advocacy and legal advice* – Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems, including advocacy and legal advice relating to accommodation.
- b. *Careers information, advice and guidance* – Supporting students' transition into post-study employment.
- c. *Counselling services* – Providing non-academic counselling and pastoral care, such as chaplains.
- d. *Employment information* – Providing information about employment opportunities for students while they are studying.
- e. *Financial support and advice* – Providing hardship assistance and advice to students on financial issues.
- f. *Health services* – Providing health care and related welfare services.
- g. *Media* – Supporting the production and dissemination of information by students to students, including through newspapers, radio, television and internet-based media.
- h. *Childcare services* – Providing childcare services while caregivers are studying.
- i. *Clubs and societies* – Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
- j. *Sports, recreation and cultural activities* – Providing sports, recreation and cultural activities for students.

NEW ZEALAND GAZETTE

- k. *Consultation on student services fees* – Consulting or undertaking joint decision-making with students on student services fees.

HON JAN TINETTI, Minister of Education.

2023-go2541

19-06-2023 09:01
